

Supreme Court, U. S.  
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IN THE  
**Supreme Court of the United States**

OCTOBER TERM 1977

No. 77-179

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AMPEREX ELECTRONIC CORP.,

*Petitioner,*

—v.—

THE NEW YORK RACING ASSOCIATION, INC., AUTOMATIC  
TOTALISATORS (U.S.A.) LTD., AUTOMATIC TOTALISATORS  
LTD., and PREMIER EQUIPMENT PROPRIETARY LTD.,

*Respondents.*

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PETITIONER'S REPLY BRIEF

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**PETITIONER'S REPLY BRIEF**

The facts set out in the Petition are substantially undisputed in Respondents' Opposition Brief (herein "Opp. ").

**I. WHY THE COURT SHOULD TAKE THIS  
PARTICULAR PATENT CASE**

**(A) TO PROVIDE A NEEDED TEN-YEAR  
CLARIFICATION OF THE BASIC  
PATENT LAW**

This was last done in the three cases *sub nom. Graham v. John Deere Co.*, 383 U.S. 1 (1966). In the present case the substantially undisputed facts provide a veritable gold mine of §103 obviousness issues, including the following:

(1) *Secondary Considerations -- When Considered?* When are secondary considerations of nonobviousness considered and with what relevance (Questions (5)(f) and (6) )?

(2) *What Is an Old Combination?* What is a combination of old elements which requires the test of validity of combination patents (Question (4) )?

(3) *In What Art Is the Hypothetical Ordinary Mechanic?* Is "the person having ordinary skill" in the art of the claimed subject matter or in the "prior art" (Questions (5)(a) and (c) )?

(4) *Can Testimony on Level of Ordinary Skill Be Barred?* Is it well within the trial court's discretion to bar it (Question (5)(e) )?

(5) *Patentees' Skill -- Relevance?* What is the relevance, if any, of patentees' skill on the level of ordinary skill (Question (5)(d) )?

## (B) TO CLARIFY THE IMPACT OF BENSON ON --

(1) *Computer Hardware Patents.* Can they be freely copied using software programmed general-purpose computers (Questions (1) and (2) )?<sup>1</sup>

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1. This case is in direct conflict with the Court of Claims' *Decca* case in which, contrary to respondent's statement at Opp. 9-10, the functions of different elements of at least clauses 6 and 8 of infringed claim 1 were performed at different times by the accused software programmed general-purpose computer (Finding of Fact No. 19 in *Decca*).

(2) *Software Patentability When Taken With Chatfield.* *Chatfield*, No. 76-1559, involves only method claims. *Noll*, No. 76-1558, apparently abandoned, had hardware claims. The hardware claims of the present case could serve to round out the software patentability issue, and oral argument time can be saved by consolidation.

(3) *Equal Protection of Computer Inventions.* Should it be denied under the patent laws (Pet. p. 13)?<sup>2</sup>

## II. REPLY TO RESPONDENTS' ARGUMENTS

### (A) RESPONDENTS' ARGUMENTS ON MERITS EASILY MET BUT THIS BRIEF IS NOT ON THE MERITS

Respondents mainly argue that the lower courts are correct on the merits so that the petition should be denied. Their arguments are easily met but the place for such arguments is in the briefs on the merits, not here. The need for brevity, however, should not block a reply to those arguments which significantly relate to why the Court should take this particular patent case, as suggested above.

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2. With respect to respondents' argument (Opp. 6) that *Benson* permits process claims for certain software inventions, in *Chatfield* and *Noll* two of the five CCPA judges say *Benson* proscribes any software patents.



(1) *Daily Double Processing Is Admittedly  
a New and Different Function and Thus  
Very Relevant But It Need Not Be  
Mentioned in the Claims*

Automatic daily double bet processing was a new and different function as compared with the most advanced prior art totalisator, the Amtote Model 7J, used by respondent NYRA before switching to the accused NYRA Tote. This is not denied by respondents, who argue that the result is not synergistic, is irrelevant, and is not the subject matter of the claims (Opp. 3-5).

While daily double betting sets patentees' system apart from the prior art, daily doubles need not be mentioned in the claims. In *United States v. Adams*, 383 U.S. 39 (1966), this Court, in upholding a patent, stated (383 U.S. at 48-49):

[T]he fact that the Adams battery is water-activated sets his device apart from the prior art. It is true that Claims 1 and 10, supra, do not mention a water electrolyte, but, as we have noted, a stated object of the invention was to provide a battery rendered serviceable by the mere addition of water. While the claims of a patent limit the invention, and specifications cannot be utilized to expand the patent monopoly, *Burns v. Meyer*, 100 U.S. 671, 672 (1879); *McCarty v. Lehigh Valley R. Co.*, 160 U.S. 110, 116 (1895); it is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention,

*Seymour v. Osborne*, 11 Wall. 516, 547 (1870); *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211 (1940); *Schering Corp. v. Gilbert*, 153 F.2d 428 (1926).

Daily double bet processing is also a stated object of the invention (A266, col. 1, line 70, to col. 2, line 3) and respondents concede that the specification is written around the daily double capability of the system (Opp. 5). Claims 20-22 should thus be construed in the light of the specification and read with a view to ascertaining the invention, especially for what sets it apart from the prior art -- automatic daily doubles.

The fact that Claims 31-33 were withdrawn as not infringed is what is irrelevant. If patentees never made those claims, or removed them from the patent by disclaimer (35 U.S.C. 253), would that make any difference as to the validity of Claims 20-22 (which made daily double betting practical)? Each claim is a separate grant. Respondents' argument is a red herring.<sup>3</sup>

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3. In the First Tote, because of its extremely high speed electronic scanning of the TIMs, it was possible to process each of the two entries of a daily double bet in two successive scans of all of the TIMs, rather than at the same time in a single scan. The First Tote could just as easily have processed both entries at the same time as is done in the accused totes. But Claims 31-33 were limited to successive scans so they were not infringed.

- (2) Respondents Do Not Deny the Novelty of the Claimed TIM Number Generating Function Which Made Daily Double Processing Practical

Respondents do not deny that the Claim 20(B) function of TIM number signal generation was new -- they argue only "that it functioned in the same way as other elements common in electronic data processing systems" (Opp. 15, emphasis added).

- (3) The New Daily Double Function Must Be Synergistic If There Is No Substantial Novelty; and If There Is Substantial Novelty, Then This Is a Close Case Where the Ten Secondary Considerations Prevail

That synergism was present in the ability of the invention to do daily double (and other exotic) betting, which was not within the capability of the more expensive prior art totalisator, was suggested by Circuit Judge Oakes during oral argument and makes sense. And if, as respondents argue, there is no substantial novelty, then the admittedly new and different daily double function has to be synergistic in the allegedly old combination. But if there is substantial novelty, then this is a close case and the ten secondary considerations of nonobviousness surely tip the patentability scale down on the validity side. Respondents should not have it both ways.

- (4) Of the Ten Secondary Considerations Only Long-Felt Need Is Seriously Questioned by Respondents Who Note There Was None for an Electronic Tote But Do Not Deny That There Was a Long-Felt Need for Automating Daily Doubles

See Opp. 19. Respondents also note the Circuit Court's questioning of the value of a long-felt need consideration to Amtote, the dominant company in the totalisator business (Opp. 19-20). But there is no question that respondent NYRA, as the largest racetrack operator in the country, had the largest need to automate the onerous manual daily doubles. During the ten year period when the technology was available, according to their own accountants, they were manually processing daily double bets with inordinate risk, with a daily loss in doubles betting (much more than the \$10-20,000 lost daily by the much smaller Roosevelt Raceway) and with the latest Amtote system costing them about a million dollars a year, much more than patentees' system. If the patentees' invention were obvious during this period, the multi-million dollar question is -- WHY DIDN'T RESPONDENTS DO IT YEARS EARLIER RATHER THAN AWAITING PATENTEES' SUCCESS? The answer can only be that what patentees did was not obvious. Their invention only became obvious to respondents and to the lower courts with the wisdom of hindsight.

Anyone can pick a winner after the race is run.

## III. CONCLUSION

The Court should take this case because it provides an excellent opportunity for a needed ten-year review of the basic patent law and for clarifying the impact of *Benson* on computer inventions while saving oral argument time by consolidation with *Chatfield*, No. 76-1559.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

This will certify that three copies of the foregoing PETITIONER'S REPLY BRIEF were served by first class mail, postage prepaid, this day of September, 1977, upon Robert E. Isner, Esq., Nims, Howes, Collison & Isner, 60 East 42nd Street, New York, N. Y. 10017, Counsel for Respondents.

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